

## Michaud Opposes Massive Tax Package

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WASHINGTON, DC &ndash; Congressman Mike Michaud voted against the massive tax package that was considered in the House of Representatives today. On December 2nd, Michaud voted to pass H.R. 4853, the Middle Class Tax Relief Act, which would extend tax relief to all American taxpayers. Despite House passage, the Senate did not take up the measure.

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&ldquo;This debate has become more about politics than policy,&rdquo; said Michaud. &ldquo;We have to get real and understand what we are actually doing here. I support providing tax relief. That&rsquo;s why I voted for a bill that would provide a tax cut extension to all American taxpayers. But this package adds nearly \$1 trillion to our national debt, provides massive tax breaks to millionaires and billionaires, puts the future of the Social Security system in jeopardy, and shortchanges Maine&rsquo;s public employees.&rdquo;

Yesterday, Michaud joined his colleagues in sending a letter to House leaders opposing the use of Social Security to finance a &ldquo;payroll tax holiday&rdquo; and requesting that an alternative approach be adopted.

&ldquo;Financing tax cuts by taking from the Social Security system is not the way to go no matter how laudable the goal,&rdquo; said Michaud. &ldquo;Using Social Security as a congressional slush fund is irresponsible, and it sets a dangerous precedent.&rdquo;

In addition, many states, including Maine, have a substantial number of local and state employees that do not participate in the Social Security system, and would therefore receive no benefit from the payroll tax holiday contained in the bill. According to the Maine Public Employees Retirement System, 47,929 public workers in Maine would not benefit from the payroll tax holiday. This number includes 4,784 local employees, 14,565 state employees and 28,580 teachers.

&ldquo;Thousands of Maine teachers, firefighters, police officers and other public employees are completely left out this portion of the bill,&rdquo; said Michaud. &ldquo;This is simply unfair, and it discriminates against an entire segment of hardworking Mainers.&rdquo;

Michaud, a member of the fiscally conservative Blue Dog Coalition, also decried the bill for adding directly to the debt when it is already at a record level. In fact, the credit rating agency Moody&rsquo;s is now warning that if this package is passed into law our debt level will reach such a high point that it could jeopardize the national credit rating. This would be disastrous because it could call into question the value of the U.S. treasuries that finance our massive debt, making the U.S. even more beholden to countries like China, which is the largest foreign holder of U.S. treasuries.

&ldquo;How this Congress and this President think that the way forward is to spend more and borrow more is beyond me,&rdquo; said Michaud. &ldquo;Maine families and small businesses balance their checkbooks, and it&rsquo;s long past time that the federal government at least attempts to do the same. I hope that our country can weather the debt

storm that will be created by this bill, but I am not going to be the one to vote for this package and take that gamble.”

In a letter sent to Capitol Hill yesterday, Barbara Kennelly, President and CEO of the National Committee to Preserve Social Security and Medicare, echoed the call of Michaud and his colleagues not to raid the Social Security system to finance tax cuts.

“If Congress is unwilling to allow tax cuts for wealthy Americans to expire this year, it is equally unlikely that the so-called tax ‘holiday’ would end one year from now,” wrote Kennelly. “The lapse in the payroll tax cut would be portrayed as a massive tax hike rather than the legislated end of the ‘holiday,’ just as the remaining tax cuts in the bill have been characterized...the legislation includes a provision that would use general revenues to reimburse the Social Security Trust Funds for the \$112 billion in lost payroll tax contributions. Extending the tax holiday, or making it permanent, would leave Social Security dependent on general revenues and the actions of Congress for its funding rather than workers’ contributions, which have so successfully funded the program since its inception in 1935. Making matters worse, a permanent extension of the payroll tax cut would more than double Social Security’s 75-year projected shortfall. The needs of America’s seniors would suddenly have to compete with other benefit programs, funding for the Defense Department, and hundreds of other government programs that are funded out of general revenues.”

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